

## **BILL ANALYSIS**

Senate Research Center

S.B. 112  
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Business & Commerce  
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Enrolled

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

S.B. 112 requires that residential property insurers disclose to consumers deductible amounts in dollars. At present, some insurers only list percentage deductibles, which is confusing for consumers.

Consumers often assume that the deductible percentage is applied to the amount of the loss. It is not; it applies to the insured value of the home. Deductibles on health plans are calculated as a percentage of the claim, and consumers utilize their health plans on a more regular basis than their homeowners insurance so this misunderstanding is natural.

Listing the dollar amounts of all deductibles on the declarations page would help eliminate this confusion and educate the consumer about the value he or she is receiving for the premium paid. Many large companies already state deductibles in terms of dollar amounts. This requirement would address an issue that is more common amongst small insurers that are not utilizing time-tested forms.

S.B. 112 amends current law relating to a requirement for and the contents of a declarations page required for certain standard insurance policy forms for residential property insurance.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subchapter B, Chapter 2301, Insurance Code, by adding Section 2301.056, as follows:

Sec. 2301.056. REQUIREMENT FOR FORMS; DECLARATIONS PAGE REQUIREMENT. (a) Requires that a residential property insurance policy form include a declarations page that:

(1) lists and identifies each type of deductible under the residential property insurance policy; and

(2) states the exact dollar amount of each deductible under the residential property insurance policy.

(b) Requires that the declarations page, if a residential property insurance policy or an endorsement attached to the policy contains a provision that may cause the exact dollar amount of a deductible under the policy to change, identify or include a written disclosure that clearly identifies the applicable policy provision or endorsement. Requires that the policy provision or endorsement explain how any change in the applicable deductible amount is determined.

(c) Authorizes a disclosure containing a list required by Subsection (a)(1), or a disclosure containing an identification of each applicable policy provision or endorsement, to be provided on a page separate from the declarations page.

SECTION 2. Makes application of this Act prospective to January 1, 2014.

SECTION 3. Effective date: September 1, 2013.